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868

18 DEC 1948

FAR EAST

1. CHINA: Cessation of US aid north of Yangtze urged--The Chief of the Joint US Military Advisory Group (JUSMAG) at Nanking recommends that the US immediately stop all military and economic aid from entering China at any point north of the Yangtze River, except for supplies going to Tsingtao for the exclusive use of personnel there. The JUSMAG Chief considers that the military situation in East Central China is hopeless and believes that the Government faces complete military defeat as a consequence of losing its forces now operating in this area. He is convinced that Fu Tso-yi, the North China Nationalist leader, has made a deal with the Communists.

ARMY-T2

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 NO CHANGE in Class.
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